

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN BOB DAVIES**, on January 11, 2001 at 9:30 A.M., in Room 317-B Capitol.

ROLL CALL

Members Present:

Rep. Bob Davies, Chairman (R)
Sen. Jack Wells, Vice Chairman (R)
Rep. John Brueggeman (R)
Rep. Monica Lindeen (D)
Sen. Bea McCarthy (D)
Sen. Corey Stapleton (R)

Members Excused: None.

Members Absent: None.

Staff Present: David Brown, Legislative Branch
Greg DeWitt, Legislative Branch
Mary Beth Linder, OBPP
Cyndie Lockett, Committee Secretary
Amy Sassano, OBPP

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Risk Management and Tort
Defense, 1/11/2001; State Tax
Appeal Board, 1/11/2001
Executive Action:

{Tape : 1; Side : A; Approx. Time Counter : 0 - 30}

HEARING ON DEPARTMENT OF ADMINISTRATION

Chairman Davies called the meeting to order. He asked for **Brett Dahl, Administrator of Risk Management and Tort Defense** to give the rest of his testimony on his program.

Mr. Dahl began with successes that his program has had in the last couple of years. All this discussion followed PowerPoint slides handout **EXHIBIT(jgh08a01)**. **Mr. Dahl** started on page 2 of the **EXHIBIT (1)**.

Chairman Davies asked for clarification on the term "Cost of Risk". **Mr. Dahl** answered it is the amount of money spent on premiums, administrative costs, and contract services.

Sen. McCarthy asked how many lawyers **Mr. Dahl** had on staff and if they were handling the workload. **Mr. Dahl** replied he had four attorneys on staff and they can't handle the workload right now, but rely on in-house help.

Mr. Dahl explained the rest of his slides and then moves on to the last page of **EXHIBIT (1)** which is a 5 year Fund Balance Analysis.

{Tape : 1; Side : B; Approx. Time Counter : 30 - 60}

Chairman Davies asked for any questions. **Mr. DeWitt** asked for clarification whether Risk Management and Tort Defense was asking for the combine rate for general and auto like you showed on the slide or they wanted the ones listed in the LFD Budget Analysis. **Mr. Dahl** answered that he is looking for the rates listed on page A-184, which is found in the LFD Budget Analysis. **Chairman Davies** then asked **Mr. Dahl** what contributed to the reduction on worker's compensation rates. **Mr. Dahl** answered that it was the change in benefit levels and the education on safety.

Chairman Davies called for testimony from the State Tax Appeal Board. **JereAnn Nelson, Administrator for State Tax Appeal Board** begins her discussion by describing the board and what it does. Her presentation followed her handout **EXHIBIT(jgh08a02)**.

Sen. McCarthy asked about what insurance program the Tax Appeal Board secretaries belong to. **Mrs. Nelson** answered that the secretaries are part time, so they don't qualify for insurance.

Mrs. Nelson started discussing page 3 of her handout and began discussing the table on appeals filed with county tax appeal boards. She then discussed the LFD issues, which can be found on page 5 of her handout.

Chairman Davies asked for questions. **Sen. Wells** asked how often there are appeals from the taxpayer and how often there are appeals from the tax collectors. **Mrs. Nelson** replies that she has additional information, which is not found in the handout and it has the win/loss history. She said the taxpayer appeals account for about 80% and its rare that the department of revenue will appeal. **Sen. Wells** then asked about the two positions she wants to keep open Position #03705 and Position #93701 that are total of \$45,000. **Mrs. Nelson** acknowledged that he is correct on the total amount of money to be paid to these positions. **Mr. DeWitt** points out that the subcommittee has updated tables based on the Martz's budget. **Sen. Wells** then asked why they have vacancy savings if they only have 9 FTEs'. **Mr. DeWitt** responds that since they are grouped under Department of Administration that the department is over 20 FTEs' so they get vacancy savings. **Mr. DeWitt** clarified that the Martz's budget increased the reduction in **DP 1**. The old table shows that they took away 7.9% so in the first year they took away \$7900 and in the second year they took away \$7700. Then if you look at the Martz's budget added to that they took away \$16,000 in the first year and then \$16,000 in the second year.

Sen. Stapleton asked **Mr. DeWitt** when the subcommittee approves additional vacancy savings do we have to do it for a two year period or can the subcommittee do one year different than the next year. **Mr. DeWitt** explained to **Sen. Stapleton** that he can do many different things regarding the vacancy savings.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 30}

Sen. Stapleton asked about the trends for appeals and he wonders if she has an idea about the size of appeals and when it might happen where the appeals may rise. **Mrs. Nelson** just restates she can't fully predict when or where the appeals will go up, but she knows that her board will be frugal and only spend what needs to be spent. **Mr. DeWitt** explains there can be other options to vacancy savings so to keep options open before deciding.

Sen. Wells asked about the win/loss record and what that tells them. **Mrs. Nelson** begins by giving statistics on taxpayer's wins/losses beginning in 1996. In 1996, 9 wins/8 losses; in 1997 72 wins/46 losses; in 1998 8 wins/12 losses, in 1999 17 wins/24

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION

January 11, 2001

PAGE 4 of 5

losses, in 2000 15 appeals were processed but there have been no rulings.

Rep. Brueggeman asked how many appeals can be covered by the full staff. **Mrs. Nelson** said about 2500 appeals. **Chairman Davies** asked how the board members are paid. **Mrs. Nelson** said they are paid \$45 for every meeting, plus travel. This amount varies with the number of appeals.

Mrs. Linder spoke on the supplemental bill, which is found on A-134. She states that this supplemental will be withdrawn. **Mr. DeWitt** explains that they were asking for \$17,500 in supplemental bill, but decided to find the authority in their existing budget instead of asking for an increase in their total budget.

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION

January 11, 2001

PAGE 5 of 5

ADJOURNMENT

Adjournment: 11:15 A.M.

REP. BOB DAVIES, Chairman

CYNDIE LOCKETT, Secretary

BD/CL

EXHIBIT (jgh08aad)